

# business topics



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(George Washington's *Copybook*).

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# THE NEW MICHIGAN BUSINESS RECEIPTS TAX

By MILTON B. DICKERSON\*

Almost every tax embodies certain basic principles which have of necessity been modified to fit fiscal and political circumstances. This is true of Michigan's newest tax, which the Department of Revenue calls the Business Activities Tax. In order to understand it better, we should review the circumstances under which it was enacted.

## Background of the Tax

Ever since 1948 the State of Michigan has been operating in the red. The accumulated deficit on June 30, 1952 was \$65 million, with a predicted deficit for 1952-53 of many millions more. To help reach a solution the 1951 Legislature appointed a Joint Interim Tax and Revenue Study Committee, which in turn appointed a Citizens' Advisory Group of about fifty persons. A committee of this group retained as technical consultants Dr. John F. Sly and his associates, Dr. William Miller and Mr. James A. Arnold of Princeton, New Jersey.<sup>1</sup>

The Study Committee and the consultants submitted to the 1952 Legislature certain definite proposals designed to obtain additional revenue for coping with the anticipated 1952 deficit. The net new revenue provided by

the 1952 Legislature was \$16.4 million, much less than the actual deficit for 1952-53.

In February of 1953 the Technical Consultants presented to the Legislature their findings and conclusions regarding a permanent solution in a report entitled "Michigan State Aid Survey, 1953". This pointed out that Michigan's troubles were due not so much to insufficient tax revenues as to maldistribution policies exemplified by such extreme diversions as the Sales Tax Diversion Amendment and the extensive use of dedicated funds. The report stated that only \$167.4 million out of \$638.9 million revenue of 1951-52 was subject to discretionary appropriation by the Legislature and thus the Legislature had lost effective control over the financial policies of the state.

Since a permanent solution was impossible without a constitutional amendment, the report suggested a group of emergency measures to provide immediate additional revenue. Senators Higgins, Morris and Teahan proposed a "package tax bill" to provide such emergency revenue, with an estimated total yield for 1953-54 of \$41,750,000. Because of the vigorous opposition of the various groups affected by the proposed new taxes, the Legislature began searching for some single measure which would produce about \$35 million. After consideration of several taxes, the House passed and sent to the Senate two income tax bills. One, the Christman bill, imposed a 1% income tax on indi-

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<sup>1</sup>Much of the material in this portion of the article has been taken from an address given July 30, 1953, by Alan L. Gornick, Tax Counsel and Director of Tax Affairs for the Ford Motor Company.

viduals and corporations. The Senate was thus forced to re-examine all possible means of taxing business, if an income tax were to be avoided. The result was the Business Receipts Tax, passed as an amendment to the Christman bill.

### Nature of the Tax

The tax is neither a net income tax nor a gross receipts tax. It is a business income tax with selective deductions. A tax on gross receipts, on sales, or on transactions has the effect of pyramiding the tax burden by piling tax on tax throughout the whole process of raw material production, fabrication and distribution. A large integrated company is given an unfair advantage, since only one transaction or sale is involved, that to the final consumer. Compare a sale of \$100,000 worth of merchandise by an integrated concern with sales of \$100,000 by a retailer, who bought for \$60,000 from a wholesaler, who bought for \$50,000 from a manufacturer, who bought raw materials for \$10,000. Leaving out of account certain exemptions, a gross sales tax would be levied on \$100,000 in one instance and on \$220,000 in the other, an obviously unfair result.

Double taxation can be avoided by allowing a deduction of the cost of goods sold from the tax base at each stage. Thus the tax would be levied on the *value added* by any individual taxpayer. In the above example, the tax base would be \$100,000 for the single concern and \$100,000 for the four concerns involved in the series of sales (\$10,000 plus \$40,000 plus \$10,000 plus \$40,000). The new Michigan tax adopts this principle, with certain deviations discussed later.

### What are its Merits?

This type of tax has been recommended by a number of scholars for many years as the most accurate, simple and fair basis on which to tax business. Senator Reed Smoot of Utah, the author of the Smoot-Hawley protective tariff, introduced a value-added tax proposal in Congress in 1921 in place of a federal income tax, but the bill failed of passage. Many experts have advocated such a tax since then. Professor Paul Studenski<sup>2</sup> has stated:

A far more accurate measure of the volume of activity of business enterprises and hence also a fairer basis for the universal taxation thereof, is the so-called value added, otherwise known as net-value product. . . . It is relatively free from pyramiding. Under it each business enterprise is taxed on its actual production.

Dr. Roscoe Arant<sup>3</sup> believed that the many defects of the usual net income tax on business would be overcome by the added-value tax. It would produce revenue even in periods of falling profits; it would be more simple to administer; it would not penalize profitable concerns so as to encourage fraudulent or fictitious expenses; it would force all businesses to pay their share of the cost of operation of government, which increases as business activity increases. He also noted that the *ability to pay* principle of income taxation applies only to natural persons and not to business *per se*.

When Dr. Carl S. Shoup of Co-

<sup>2</sup>Studenski, Paul, "Toward a Theory of Business Taxation", *The Journal of Political Economy*, vol. XLVIII (October, 1940), pp. 621, 648-654.

<sup>3</sup>Arant, Roscoe, "The Place of Business Taxation in the Revenue Systems of the States," *The Tax Magazine*, vol. 15, 1937, pp. 191, 198-199, 242.

lumbia University went to Japan to overhaul the Japanese tax structure, at the invitation of the Occupation authorities, he and his tax experts of the Shoup Mission recommended a value-added tax as the principal revenue source for the Japanese prefectures. The tax they proposed was adopted by the Japanese Diet in both form and principle. Closer home, Michigan is believed to be the first state to base a tax on the value-added principle, though with several modifications.

### **Its Main Provisions**

The statute grants a \$10,000 exemption to all taxpayers prorated for periods covering less than a year. This is apparently designed to relieve the small farmer and the small service establishment from any tax payment, and has much political appeal. Also exempted are charities and other non-profit organizations. This exemption is broad enough to include labor unions. However, if any non-profit organization carried on an "unrelated trade or business", the adjusted receipts from such a trade are not exempt.

**Deductions.** The Michigan law imposes the tax on "adjusted receipts": the gross receipts of the taxpayer less certain allowable deductions such as goods and services purchased from another activity subject to the act. Thus payments to employees are not deductible, because wages received are excluded from gross receipts. Since payments to independent contractors are deductible as amounts paid to "any other activity" while amounts paid to an agent or employee are not, the employer-employee relationship is important. The statute does not define such relationship, so presumably com-

mon law decisions will govern. Generally, payment of social security taxes is evidence of an employee relationship.

However, the law departs from the value-added principle by providing that in case the usual deductions do not total at least 50% of the gross receipts, the taxpayer can deduct 50% to arrive at adjusted receipts. He can thus deduct either 50% or the actual deductions, whichever is greater.

It was estimated that the materials and supplies purchased by manufacturing industries average about 50% of receipts. Since farmers, professional men and service establishments would normally have few deductions, this 50% was apparently picked as a figure which would equalize their deductions with those of industry generally. The result is that any person must have gross receipts of over \$20,000 before a tax is due—this figure representing deduction plus exemption.

**Depreciation not allowed.** The 50% minimum deduction will probably compensate most taxpayers for the failure to allow depreciation, but those with orthodox deductions over 50% will be treated inequitably. The violation of the basic principle of the tax by not allowing proper deductions is not adequately corrected by granting undeserved blanket deductions. The Michigan law fails to allow the deduction of depreciation on capital equipment or the deduction of the cost of such equipment (property not for resale which has a normal life of more than one year). To be consistent with value-added theory one or the other should be allowed. The Japanese law allows the deduction of the cost of capital equipment purchased, and the Shoup Mission recommended a carryover of

any unusual deduction to the following periods, since large purchases might be made in any one year.

Of course, proceeds of the sale of capital assets are excluded from the taxable receipts of a business. If depreciation is at some later time allowed as a deduction this section will also need change to allow for loss or gain on sale of depreciated property. The cost of machinery, etc. to a retailer is deductible if he holds such as stock in trade for resale, even though it will be a capital asset to the eventual purchaser.

It should be noted that deduction of rents paid in respect to use of realty or personalty is permitted. This seems somewhat unfair, since the property owner is not allowed a depreciation deduction, and it may cause taxpayers to make use of a separate entity to own the property, and thus claim the deduction. If combined returns are required for wholly-owned subsidiaries, this avoidance is not possible. The interpretation placed on rents by the Department of Revenue is that the term applies solely to business, not personal, rents.

*Special businesses.* "Public Utilities" are taxed at a special rate of one mill per dollar, as opposed to four mills for business in general. The Legislature took into consideration that the revenues of such businesses are dependent upon rates, tolls, tariffs and charges prescribed or regulated by some agency or commission, and also that their expenses of operation are out of proportion with their gross receipts, in comparison with other businesses. It is probable that the courts will use the common law definition of a public utility.

A financial business is exempt from the tax, presumably because it is taxed

under other provisions of the Michigan statutes. A financial business is one which has 90% of its assets invested in intangible property, or which receives at least 90% of its income from interest and dividends. (Such businesses are not exempt under the Japanese law).

### Multistate Difficulties

One of the difficult problems faced by the Legislature was how to tax the receipts of concerns doing an interstate or multistate business. This section of the Act is, of course, the one most susceptible to attack on constitutional grounds.<sup>4</sup> Under the Commerce Clause a state may not directly tax the privilege of doing interstate business, as this is not a privilege derived from the state. Under the Due Process Clause of the Fourteenth Amendment, a state may not levy taxes on extra-state activities, as such are beyond its jurisdiction. Thus a privilege tax levied on gross receipts will be invalid unless apportioned and in lieu of local property taxes, or unless it is levied on a distinctly local privilege, or on a substantial local activity in connection with the doing of interstate business. On the other hand, a tax on net income is valid as applied to net income from interstate business provided proper apportionment is made to arrive at net income from activities within the state, since such tax would be levied on a profitable transaction.

The Michigan tax is not clearly

<sup>4</sup>Most of the material concerning the constitutionality of the statute was taken from a discussion of this problem by Professors Paul G. Kauper and Samuel D. Estep of the University of Michigan Law School at an institute on the new Business Receipts Tax held in Ann Arbor, July 30, 1953.

either a gross receipts tax or a net income tax. It is not the former since certain actual or automatic deductions are authorized. It is not the latter since it limits deductions without regard to profits; it does not rely on the domiciliary principle, and it is distinctly called a privilege tax on business activity. It seems probable that the courts will hold, for purposes of the Commerce Clause, that it is a gross receipts tax, even though Sec. 2(a) calls it a specific tax on income.

*Options regarding multistate transactions.* Sections 2 and 3 of the statute deal with multistate business. Section 2(b) raises an important question of interpretation for the Michigan court. This purports to give the taxpayer an *option* of paying the tax on the adjusted receipts of the "business" or of using the allocation formulas of Section 3. The Department of Revenue has interpreted this option to mean the taxpayer must use Sec. 3 or if he desires to use 2(b), *he must get the approval* of the Michigan Department of Revenue showing accounting procedures sufficiently accurate to allow them to arrive at his *Michigan* receipts without allocation.<sup>5</sup> The Department is to attempt to get an amendment from the Legislature covering such an interpretation. There has been some difficulty hitherto in attempting to interpret the intent of the Legislature in this matter.

As for the option offered, it will be seen that this is, at best, incomplete. It can mean, in the first place, report-

ing only *Michigan* receipts as determined by general limitations imposed by the Federal Constitution or using Section 3; in the second place, reporting *all* adjusted receipts or using Section 3. Which way are *Michigan* receipts to be determined?

In support of the first interpretation we have the definition of "business" in Section 1(e) as "all activities engaged in . . . within this state". Also, Section 4(b) specifically exempts receipts which the Federal Constitution prohibits Michigan from taxing. This view would also give some meaning to Section 2(b)'s language ". . . for facility in accounting procedure", while the clause would be meaningless if the second interpretation were used. The first interpretation would avoid raising any question of the constitutionality of the various allocation rules since the taxpayer could avoid them by his option of reporting on the basis of established legal precedents, but it would increase the problems of administration in determining "Michigan" receipts. For instance, receipts from sales of goods manufactured in Michigan would not be taxable if the goods were delivered out of state pursuant upon an interstate order and sale; receipts from interstate transportation services would not be taxable, nor would receipts from services rendered out of state. However, receipts from sales of goods completed by delivery in Michigan would be taxable if the vendor maintained a place of business in Michigan, or engaged in substantial selling activities in this state.

If the second interpretation of the option clause is correct, the taxpayer is really given only a Hobson's choice, since if he is to save any money at all he *must* use Section 3 formulas. Still, the second view of interpretation of the

<sup>5</sup>This and some other information herein were expressed by Mr. Clarence Lock, Deputy Commissioner of the Department and other state officials at a conference of the Michigan Association of Certified Public Accountants at Michigan State College, October 7, 1953.



option is not without very substantial support. The term "business" in (b) may mean all activities carried on by the taxpayer. The normal meaning of the word would so indicate. Also the use of phrases such as "multistate business" and "such business allocated" in Section 2(b) indicated the broader meaning for "business". The phrase "with the approval of the Department" likewise is given meaning by the second view, while it would have none under the first.

What legislative history is available points toward the negation of the first view of the option clause, leaving multistate business mandatorily governed by the allocation formulae. If this is the court interpretation, an examination of the constitutionality of the formulae is pertinent, since Michigan, of course, can properly tax only *Michigan* receipts, and the statutory formulae will be the sole means of determining what *are* Michigan receipts.

The Michigan Department of Revenue has expressed itself as ready to give a broad interpretation in regard to the multistate business clause, an interpretation sympathetic to the harried businessman. Subject to clearer definition by the Legislature, as requested by the Department, the most lenient view of the meaning of the clause will be maintained. The stress will not be on subtlety of interpretation, but upon a whole-hearted effort to help the businessman and legislature make the tax honest and effective.

The statute provides four allocation formulae (more accurately, apportionment formulae):

- (a) sales of tangible property
- (b) rendition of service
- (c) rendition of transportation service
- (d) all other receipts.

Each must be "fairly" apportioned to avoid being under the Commerce Clause.

Receipts from sales of tangible personal property are to be included on a flat 50% basis where property is located within the state when the order is received but is shipped out of the state, or where goods are located out of state but are shipped into the state. The same 50% applies to orders received or accepted within Michigan where the goods had no permanent or continuous location out of state at the time the order was received or the goods appropriated.

This appears to mean that a domestic business would pay tax on only one-half of the proceeds of its out-of-state shipments, that a foreign business engaged in business here would pay on one-half the proceeds of its shipments into Michigan and that a foreign business not doing business within the state need pay no tax although it ships into the state.

This 50% formula would appear to be arbitrary, hence unfair and unreasonable, both as to an individual who is adversely affected and to all taxpayers, since there is no differentiation among them. It treats all alike, not taking into account the differences between businesses: hence it is likely to be held not a fair apportionment.

*Other unanswered questions.* Other problems are raised by the statutory language. For example, would a taxpayer avoid all taxes by establishing warehouses out of state and making sure the goods were there at the time orders were received or goods appropriated? Receipts from the rendition of services are not taxable at all if the only place of business is out of state and are taxable only for the services rendered in *Michigan* if places of busi-



ness are maintained both within the state and outside it, or if the taxpayer has no permanent place of business. There seems no objection to such rules. However, if the sole place of business is within Michigan, the total adjusted receipts are taxable. This would appear unconstitutional as a tax on gross receipts from a concern doing interstate as well as intrastate business, since it is unapportioned. For instance, the act would seem to tax receipts from rental property located in another state, but owned by a Michigan resident with only one place of business and that in Michigan.

*Carriers' allocations.* Receipts of railroads, motor carriers and carriers by water are to be apportioned according to ton mileage or net passenger mileage. If a carrier handles both freight and passengers, then an *average* of its freight percentage and its passenger percentage is to be used to apportion its total adjusted receipts to Michigan. Assuming a fairly apportioned gross receipts tax is valid (the question has never been considered by the Supreme Court), the *average* percentage used if a carrier has both types of revenue is clearly arbitrary and thus invalid. A *weighted* average would produce the same effect as if separate ratios were applied to freight and to passenger receipts.

Receipts of carriers by air are to be apportioned according to revenue ton miles handled at Michigan airports compared to all airports used. Does "handled . . . at airports within this state" include through freight and pas-

sengers or only those that emplane or deplane at Michigan airports? No distinction is made here between passengers and freight.

### Effective Dates

Quarterly returns and payments are required, being due one month after the close of any quarter. (Farmers can file an annual return if they desire). The standard deduction of \$10,000 is apportioned for any period less than a year. The first returns have been mailed to those making sales tax returns and the forms are available in Department of Revenue District Offices and Chambers of Commerce, and will probably be found also at local banks.

The tax became effective July 1, 1953, and will expire March 15, 1955. This short effective period lends support to the feeling that this was an emergency stopgap statute. The public in general has had little information concerning the soundness and propriety of a carefully drawn added-value tax. This tax deserves serious consideration as a possible permanent element in Michigan's tax system. It is a broad base tax with so low a rate that the Department of Revenue expects very few taxpayers to contest its validity or to object to its collection.

Note: The proposed rules and regulations of this tax have been published in *The Detroit* of October 5, 1953. A reprint is available from the Detroit Board of Commerce.

Reprints of this article by Dr. Dickerson are available from the Bureau of Business Research.

# A STORY OF QUALITY

By DAVID J. LUCK\*

If you are thinking of travelling between Chicago and Grand Rapids during the week-and-a-half beginning January 4, you had better make your reservation early. Planes and trains between those cities will be carrying thousands of furniture buyers, producers, and others attending the winter furniture markets. At the one terminus Chicago will be host to the world's largest furniture and home furnishings market as it is every year. If the Chicago markets can be given such a superlative, you may ask, why do 3,000 or more buyers *also* attend the Grand Rapids market, year after year?

Your question, gentle reader, is logical and deserves full answer. For that answer, read the following seven pages.

## The Industry's Growth

*The beginnings.* The backwoods settlement of Grand Rapids, a remote spot where rapids in the Grand River marked the head of navigation, was little past its tenth birthday when a cabinetmaker arrived. That was 1836, and "Deacon" Haldane began to turn out furniture for the valley's settlers, who could scarcely import Eastern-made furniture to the farthest reaches of Michigan. Soon another cabinetmaker came and set up his furniture shop, and then another, and the hamlet was beginning to make quite a few pieces of furniture.

Who should be credited with turning this activity into a real industry

seems to be a matter of disagreement.<sup>1</sup> A recent thorough investigation, however, credits two men named Powers and Ball, who in 1849 formed a partnership and produced furniture to sell outside the Grand Rapids area. They evidently had a considerable factory, using power machinery, employed some forty men, and filled one early order from Chicago for 10,000 chairs.

Just why did this industry settle in Grand Rapids? That is a matter for some speculation. The water power at that site was a factor, but probably a minor one. The forests within an easy radius certainly are part of the answer. To make good furniture you need two types of wood: workable soft woods for the core and hard woods for durable, beautiful finishes. Western Michigan in those days provided both. The other part of the answer (and we think the more vital) lay in the men who built the little industry. At first they came from New England, men steeped that region's traditional cabinetmaking craftsmanship. Word of this nucleus brought other skilled men from across the seas: particularly from England, Sweden, and Holland. The right materials in skilled hands were being formed into superior furniture.

*The "Furniture Capital".* As little shops became factories, the third vital ingredient, management, was added to Grand Rapids' assets of men and materials. The majority of the owners of

<sup>1</sup>For historical information we are indebted to recent studies of Dr. Frank Ransom. Veteran observers of the industry who contributed ideas included: C. C. Campbell, J. R. Cassleman, H. H. Maston, and E. G. Weir.

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the town's furniture plants in this stage of organization evidently had more than an ample knowledge of how to make furniture. They also possessed the ideal of making a *high quality* product, an ideal that became a permanent policy. This and good style sense caused the fame of Grand Rapids furniture to spread throughout the Middle West.

In 1876 this fame was suddenly extended. At the Philadelphia Centennial Exposition three Grand Rapids firms displayed various suites of their product. Their style, though hardly attractive to modern eyes, caught the national fancy. Within a few years buyers from the East were making a regular practice of travelling to Grand Rapids to see its wares, and the city's manufacturers began to show their new creations regularly winter and summer. Thus "going to market" at Grand Rapids began to supplant retailers' practice of buying all their furniture stock from pictures carried by traveling salesmen.

So many buyers were trekking to Grand Rapids that in 1883 a salesman brought in some furniture from Indiana and displayed it in a hotel lobby, seeking orders from those who had come to look at the local products. The success of this venture brought other displays from distant manufacturers during the market seasons. And did the Grand Rapids industrialists try to oppose these interlopers? Rather they encouraged them, realizing the more firms displaying in their city, the greater its attractions as a market. After 1898 these outsiders no longer had to set up their showings in vacant stores and basements, for then the big Klingman building, the first of its kind, was constructed expressly to house them and centralize the market.

By the turn of the century, this western area had far surpassed New England in furniture making. Grand Rapids had earned its title of "Furniture City."

*Competition Intensifies.* Statistics on the industry were not gathered far enough into the past to tell whether the Grand Rapids area actually ever produced *more* furniture than any other area, but that is quite possible. It is certain that other areas were vigorous competitors at all times. New York, northern Illinois, and Indiana early challenged the waning leadership of New England. After 1900 the South rose rapidly to become the leading producer for volume, centered in the Piedmont. Skilled hands could commonly be had at half of Northern wage rates and there was plenty of lumber suitable for making the newly popular veneered furniture. Hence southern industry could not be denied a major share of low-priced wooden furniture production.

Despite its shrinking percentage of total national volume toward the end of the twenties, the Grand Rapids industry still could merit the claim as "capital." Was the city not still the nation's center for producing the finest furniture and its style-setter? And as for big industry, it boasted of three companies with combined employment of nearly 4,000: large figures, indeed, for the furniture industry. To be sure, these big firms were show pieces, one being acknowledged as the Tiffany of the furniture industry.

*The Crisis Is Met.* Then came the debacle of 1929. The furniture industry is ever highly susceptible to economic ups and downs. Sales for the total industry fell in three short years from 625 millions to 213 millions. If

that was the drop for *all* furniture, you can well imagine that high-quality, high-priced lines were in much worse distress and these were Grand Rapids' main output.

Despite reputation and size, all the Big Three floundered and (although pursuing somewhat different courses) all met the same ultimate end—liquidation. Here, you might think, is a sad end to our story, but the vital part just begins here.

### Diversification

At this point let us diverge slightly from considering the home furniture industry alone in the Grand Rapids area. (And to be more clear, it should be noted that this furniture-making area includes several cities outside Grand Rapids, each with its own local pride, such as: Holland, Rockford, Zeeland, Sparta, Hastings, Lowell, and Big Rapids.)

An important part of our story is that Grand Rapids' furniture industry had not stuck entirely to household furniture, but had gone into the production of other types of furniture. Further, many enterprises had ventured into metal furniture as technology progressed. One result is that today Grand Rapids is the home of the world's largest producer of public seating — seats for theatres, schools, buses, etc. Leading firms in metal or wooden office furniture, store fixtures, bank fixtures, church seating, and orthopedic furniture today help to make Grand Rapids, in the broadest sense, a Furniture City. So if you read recently that Michigan's "furniture and fixture" industry grew by a mighty 75 per cent in output over four years (1947-51), you could attribute much of that to such diversification.

Another long but valuable chapter

in modern industrial history would tell of Grand Rapids' diversification in other fields. Those who promoted its industrial growth did not bank too much on the furniture industry. In the Furniture City that industry today is only in third place in employment. Eleven Grand Rapids plants employ over a thousand men each, but only one could be considered "furniture"—and that is the seating company referred to above. But all of this is a different story than the one we want to tell here.

### The Industry Holds On

Returning to our main theme, we pick up the household furniture industry at the depths of the depression. The decisions facing the Grand Rapids industry were extremely difficult ones. One alternative was to liquidate. Fortunately for the tens of thousands dependent on it, most of the companies persevered, despite the fate of the Big Three. Another alternative was to attempt assembly-line production methods to cut costs and prices, but the manufacturers knew that high-grade furniture has to be made as individual pieces. And certainly the most tempting alternative was to skimp on quality, exploiting the hallmark of "Grand Rapids" by selling inferior pieces under her honest name.

*The Guild.* At this dark hour came a development that would be noteworthy at any time, but which is amazing when the circumstances are recognized. In January, 1932, when deep-cut prices and sharp competitive practices were threatening integrity in many an industry (and furniture was no exception), a strange organization was established in the Furniture Capital. It called itself the "Grand Rapids Furniture Makers Guild", and ten of the

well-established firms were its organizers. From the Middle Ages these beleaguered enterprisers had drawn the ancient but neglected concept of the guilds: QUALITY under the joint responsibility of the guild's members.

To whom this idea first occurred in Grand Rapids is unknown to the writer, but surely E. G. Weir, who is the Guild's original and present Business Manager-Secretary, was instrumental. The idea of ten rival producers banding together to guarantee the quality of each other's furniture would be a radical idea in either 1832 or 1953. Surely another part of the plan must have sounded odd in 1932: that the Guild would *select* the retailers who would handle its pieces. These were to be the essential functions of the Guild: it was to have no part in promoting what most businessmen then sought, the allying of competition or raising of prices. Strangest of all, this modern dedication to an ancient ideal succeeded.

The Guild still operates as originally conceived. Each of the Founder Member companies selects a number of what it considers its best lines for the coming season. The Guild pieces are registered and are sold only through a few hundred carefully selected Guild dealers (located in the United States and Canada). The purchaser of one of these registered, numbered pieces receives a Guild Certificate in his name. The Guild had added other appropriate functions, including forums for Guild retail members and personnel, far-reaching work in developing style coordination, exhibitions at the Guild Galleries, publication of a fine home furnishings magazine for consumers, and promotional aids for dealers. The original Founder Members remain the only furniture-making

members, but 28 manufacturers of various home furnishings (lamps, clocks, floor coverings, and other furnishings that may be coordinated) have been admitted to associate membership.

Our purpose is not to extol the qualities of the Guild pieces alone. Indeed its member firms sell similar furniture to non-Guild stores without its certification, and there are some excellent Grand Rapids producers who are not members. The Guild's ideals and certificates simply epitomize the zeal of the Grand Rapids industry for true craftsmanship. Its artisans probably could not produce shoddy furniture if they wanted to.

*The Meaning of Quality.* The thinking consumer seeks quality, at a fair price, in every significant purchase, from beefsteaks to television sets. In some purchases the innate qualities are so vital to making a good purchase, yet so very hard to detect. Consider the qualities that make good (or poor) wooden furniture:

The materials must be thoroughly sound and well prepared. The woods must be expertly selected from the hundreds of soft and hard woods in commercial use, and matched for grain. Then they must be thoroughly kiln- or air-dried to a precise moisture-content before manufacturing. Humidity should be rigidly controlled during manufacturing so this content will not change.

The wood carefully selected to make a certain piece now goes to the rough and the finish mills for cutting with precision machinery by skilled operators. Then the cabinetmaker takes over; with infinite patience he joins and glues or screws the parts together, for in really good furniture this fitting is largely done by hand.

Finally the wood is ready for finishing processes: staining, filling, sealing, and finish coats. Many coats may be applied to fine pieces. The artisans who

work the finishing magic on the wood need a special sense to determine the exact finishing methods and materials to create the desired finish on the particular type of wood. In upholstered furniture the processes are as complex and demanding of skills.

And thus when Mr. Consumer shops for good furniture he is buying the result of the skill and accurate judgment of the craftsmen and designers who planned and created it. Granted that this statement might be applicable to many of our purchases, in furniture it is true to a very high degree. And consider that in furniture only the exterior qualities may be studied at the time of purchase. Whether doors will always swing freely, fabrics endure, or drawers slide effortlessly—only time will tell. At the point of purchase Mr. Consumer has to trust the integrity of the furniture maker. The fact that the Grand Rapids area industry steadfastly adheres to its ideals in these unseen qualities has a special meaning when we buy furniture.

#### **The Industry Today**

In present day industrial Michigan the household furniture industry seems almost an anachronism. The great mass-production, highly mechanized operations that come to mind whenever we think of Michigan manufacturing are not to be found there. Labor is manual to a high degree. With production runs limited to relatively few pieces, costly automatic tools can be few. Plants are small, none running over 500 employees and probably most nearer 100. Top management naturally is close to the men and to their output.

In at least one respect, however, this industry is similar to the automobile industry: it is an assembly process. Parts and materials are purchased from

a number of resources, probably most of them also located in Western Michigan. Here are some of these supplying industries located within Grand Rapids: lumber-drying; dowels, carvings, and other woodworking; plywood; furniture hardware; metal, wood, or plastic ornamentation; furniture crating; marquetry; paint and varnish.

Over the past 10 years or so it has been a fairly stable industry, employing around 7,000 in Grand Rapids itself. It has many firms in that city: 37 in upholstered and 32 in wooden house furniture. A few are over 80 years old and some of the original families still operate them, yet the industry has youth and vitality. Some 34 of the present firms were founded in Grand Rapids or moved there since 1929. Some of these have come from Chicago, New York or other furniture-making centers. Why? Mainly because Grand Rapids has the skilled workers who are so much in demand by the industry.

#### **The "Furniture City"**

Viewed from a quantitative standpoint, the Western Michigan household furniture industry is unimpressive. Our state's total output, in dollar value, ranks only eighth nationally and does not compare with the leaders, North Carolina and New York. We rank best in wooden household furniture (or "case goods" in the language of the trade) but turn out only 6 percent of the national output, by value. You might wonder, then, how Michigan's furniture center can still lay claim to being the "Furniture City".

The title might be justified by its unquestioned preeminence among producers of the best in furniture. It seems better justified, however, by its leadership in furniture styling. A century

ago furniture was designed by the artisan who made it and later, as the factories developed, by the factory owner or manager. Furniture designing now tends to be placed in the hands of the specialized furniture designer, whose function is one of the higher forms of modern industrial art.

Grand Rapids is the home of the David W. Kendall School of design. Its courses in drawing and design comprise the nation's only specialized school in furniture and home decoration. Its alumni are creating furniture designs for makers of better furniture in the Eastern, Southern and other manufacturing areas, but above all in Western Michigan. Some of the designers work continuously for a single manufacturer, but the majority freelance and may design for various firms over the course of a year. One reason is that an artist is likely to specialize in certain styles of period or contemporary design, whereas the individual manufacturer requires design of different styles to complete his line.

The creative efforts of the designers, whether schooled in Grand Rapids or

elsewhere in the world, reach their culmination in the semiannual markets or expositions. And of all markets, the furniture world turns its eyes to that in Grand Rapids to see the very best in manufacturing and design. The reasons we have partially indicated: its nucleus of quality-dedicated craftsmen and manufacturers and its well-spring of designing skill. These reasons alone do not completely explain why hundreds of manufacturers located elsewhere (even in Europe and Mexico) send their best wares for exhibition there. The tradition of the Grand Rapids market is the other potent factor: for 76 years buyers have been flocking to this city, once, twice or more annually. The oldest of merchandise markets, it also is the largest exclusively devoted to furniture. And Grand Rapids fulfills its obligations as the "Furniture City" by offering exhibitors and buyers splendid facilities and constant hospitality.

Now you see why thousands of furniture people will travel all the way to Grand Rapids come next January 4.

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*How is business in Michigan? Excellent, judging by sales tax collections, which reflect retail sales. Between July and September these collections were running 16 percent over the same 1952 months.*

*How do Michigan sales compare with the nation? Very well. The U. S. Department of Commerce gives comparison of states' sales tax collections for fiscal 1952-53 (year ending June 30) with fiscal 1951-52. Michigan's increase over the previous year was (again) 16 percent. Contrast that with a national average gain of 7 percent. Even our prosperous neighbor, Ohio, gained just 9 percent.*



# PRODUCT PUBLICITY: AN EXTENSION OF ADVERTISING

By HARRY W. SMITH, JR.\*

These are exhilarating days. Business, at last, is about to enter once more upon a period of healthy competitive selling. The spending power is there, the markets and appetites are there, and so is the technological skill to produce: the new competitive factor is the end of the era of general short supply and universal long demand. It has been a full and violent twelve years since we in the advertising business have had to ponder sales resistance rather than buyer eagerness. Once again we are in the position of *needing* publicity techniques evolved and tested in a hard buyer's market; again they can be applied to an active, driving need instead of a presumed or theoretical one.

Editorial work—product publicity, as opposed to public relations, community relations and industrial relations—is no longer an extra frill on the selling process. Dealing with whatever you have to sell in terms of the best interests of the customers, it is a downright necessity in efficient industrial marketing, a specific extension of classical advertising and sales promotion. The reason is simple: it has astounding *reach*; it has third-party *authority*; it accomplishes its contribution to sales on the sheer basis of *helpfulness-through information*. The combination of these three characteristics distinguishes it in function from face-to-face field sales work, from display, from space advertising and direct mail.

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\*Mr. Smith is President of Harry W. Smith, Incorporated, New York and Chicago.

Product publicity is an essential adjunct and extension of advertising and other forms of sales promotion because it brings its reach, authority and customer-helpfulness to a sales program, providing a factor of thrift important to the budget-minded.

## Publicity and Advertising: A Matched Team

Let us examine our statement more closely. First, there is a distinction fundamental to the proper use of publicity and advertising as a matched team. Product publicity is essentially *informative*, not promotional: indeed, no editor will print it if it is aggressively so. It is promotional only in its choice of subject, audience and timing. Advertising, on the other hand, is inherently *promotional*, not informative. It is informative only in the conscious effort of its creators to write educational or "tell-all" copy. Publicity must offer a fresh or newly interpreted body of information with each contribution, as otherwise it will not earn its space. Advertising, on the other hand iterates and reiterates, intentionally.

*Helpfulness through information.* The fundamental and most distinctive quality of product publicity in the sales field is *helpfulness-through-information*. Those marketers use publicity wisely who consider that teaching, explanation, interpretation and the stimulation of application-thinking are keys to sales making. Not all sales work is based on simple explaining, but a lot of it is, particularly in selling to indus-

try. And where it is, you find the enthusiastic user of publicity as the salesman's set-up man. Seek out those market objectives attainable through informing: these constitute the area of publicity's greatest usefulness to you.

*Authority*—Second is that characteristic of publicity already referred to as *authority*. The reader of any publication, from newspaper to business magazine, is in a different frame of mind when reading the editorial section than when reading the advertising section. In the one case he reads with you; in the other he is wary. He reads editorial matter with the initial assumption, "This is true. I ought to know about it." He reads advertising matter with the critical query, "Is this true?" In the reader's eyes the writer of the article is innocent until he prove himself guilty by over-statement or bad reasoning. The writer of the advertising copy is guilty until he can prove himself innocent. To the reader, publicity matter is the voice of a third party (the author, the editor, the reporter) talking about you. Advertising matter is you talking about yourself. Accordingly, use the editorial approach to enhance your advertising when you want to be most particularly sure that your prospect believes your story.

*Reaching*. Third is the characteristic we called *reach*. Because the cost of newswork is in time and ingenuity only—travel, postage and photography being the out-of-pocket items—it need not be as restrained by budget as are other promotional techniques. It is not at all unusual in industrial marketing to find, at the end of a year, that your articles, items, meeting reports, news and photographs have appeared in as many as 250 respectable trade,

technical or business publications. Accordingly, editorial work can be used to do marketing jobs too expensive for other methods. You can range more widely in seeking response; you can service too-long overlooked products and markets; you can build enormous inquiry piles, approach the market-conditioning task in four or five different ways at once, reach into minds for a few mills each rather than for pennies, dimes, quarters or the twenty-dollar bills your sales manager lays on the line every time a salesman rings a doorbell.

### The Other Side of It

Something is not to be had for nothing, even in selling. You pay the price in the publicity field by never being sure a story's going to run until it has shown up in print. You wait a long time with no visible connection between effort and result. You do not have the final control over how it will be printed. Perhaps your fine dramatic sales point never even reaches the public! Since you do not see the prospect react, you cannot pick him up on the spot and keep the sales sequence flowing. Still, you do get the reach.

As to cost, one can estimate trade, technical and business paper lineage—in a planned, programmed and continuing activity—at about \$100 to \$150 per page at average rates for publicity talent (the big item), travel, photography and clerical help.

It would be an error to try to sell with product publicity alone. As has been demonstrated, it lacks directness, timing, follow-up, repetition, demonstration and personal persuasion. Hence it has to be supplemented with advertising, direct mail, merchandising techniques, literature, and the blessed salesman.

### The Five Commandments

A short code of ethics for publicity people can protect against a multitude of pitfalls that lie waiting to trap the over-eager. These are simple points, obvious to anyone who ever sat on the editorial side of the press, and may not seem impressive. If ever you plan a single hour of publicity, paste them in your hat and abide by them even when it hurts.

1. I recognize that the editor judges material only in terms of its service to his readers, not in terms of my commercial purpose, any other editor's thinking, or the advertiser's objective or schedule.

2. I will make my contributions with no strings attached.

3. I will deal with the editor in complete candor, neither withholding nor implying anything for the purpose of misguiding him. I will stand guard as vigilantly against half-truth as against untruth.

4. I will seek to learn and be governed by the distinctions of editorial policy and readership which make each publication unique.

5. I will go to any practicable length to assist the editor in his search for a clue, an authority or a fact, as though I were his actual employee.

Note that there is not a word about the boss, the client, or the business. In publicity you live for and with the editor. You become his partner, no matter who pays the bills and reaps the benefit of your work.

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### ON MONEY

*It is pretty to see what money will do.*

—Samuel Pepys, *DIARY*, 1667

*I am not fond of money, nor anxious about it. But, though every day make me less and less eager for wealth, every day shows me more and more strongly how necessary a competence is to a man who desires to be either great or useful.*

—Thomas Babington Macaulay, *LETTER*, 1883

*Money is always on the brain so long as there is a brain in reasonable order.*

—Proverb

*If you have no money, be polite.*

—Danish Proverb

*Money is flat and meant to be piled up.*

—Scottish Proverb

# CONTINUING EDUCATION—UNLIMITED OPPORTUNITIES FOR SERVICE

By *BRODERICK H. JOHNSON\**

One of the newest developments in the history of education has contributed substantially to the reputation of Michigan State College.

That development—the Continuing Education Service—has given the College almost unlimited new opportunities to serve, and it has opened another door to learning for all citizens of the state and for countless others.

With the Kellogg Center as a symbol of this service, Continuing Education at the country's first land-grant college has taken on a wider and deeper meaning than at any other university. The Center provides a place for educators and men and women from every element of society to meet, to talk, to learn, and to build. Here they share their knowledge and benefit from the background of Michigan State's faculty and staff.

## The Service's Goals

Running through this theme of "service" is the College's constant effort to fulfill its educational responsibilities to all of the people of Michigan. The College recognizes that the basic functions of teaching and research must be supplemented with service programs for persons who cannot enroll in the regular campus academic courses. And the Continuing Education Service, an integral part of the College, helps to bring the institution's resources and facilities to bear upon the problems and desires of the people of Michigan and

of society as a whole.

At the same time, the Service endeavors to be worthy of the confidence placed in it by the W. K. Kellogg Foundation, the cooperation and assistance of which was essential in making possible the Kellogg Center for Continuing Education. The Foundation's articles of association provide that its material resources shall be devoted to "... promotion of the health, education and welfare of mankind ... directly or indirectly, without regard to sex, race, creed or nationality."

To fulfill its obligations, the Continuing Education Service has developed a practical program which includes five specific goals. They are:

- Education for Work
- Education for Health
- Education for Citizenship
- Education for Home and Family
- Education in the Use of Time

Methods for meeting each specific task have been worked out and constantly are being improved. Whenever possible an interested group is encouraged to come to the campus—usually to the Kellogg Center—where an appropriate conference, clinic, workshop, or institute is set up. If a non-credit or credit course is indicated, qualified instructors are named and the work proceeds on that basis. The evening College also offers a great deal of credit and non-credit work to residents of Central Michigan, and study toward a college degree can be done in five out-state centers located in Grand Rapids, Midland, Flint, Chatham, and Battle Creek.

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*\*Mr. Johnson is Editor of the Continuing Education Service at Michigan State College.*

In addition, the Continuing Education Service takes a wide variety of other educational programs into hundreds of Michigan communities. Another important phase of its work is an extensive consultation service by staff members for businesses, industries, schools, community agencies, and other groups. In this connection, services in personnel testing and counseling for small businesses are being made available in cooperation with the College Counseling Center.

Continuing Education also cooperates with organizations which support

specific programs through grants and gifts; it encourages joint education programs with certain worthy agencies by providing office quarters and services at Kellogg Center; it publishes annually hundreds of brochures, leaflets, and other material to promote and retain interest in Continuing Education; it carries on a regular program of radio broadcasts; and at the present time it is preparing a motion picture film about its work. Plans also are proceeding rapidly to assume responsibility for a share of the service to be rendered by the College's new television station.



KELLOGG CENTER

Home of Michigan State's Continuing Education Service—provides all facilities for educational conferences and special programs. It contains twin-bed guest rooms and suites. The building also contains conference rooms, accommodating from 10 to 100 persons, an auditorium seating 355, a dining room, a banquet - ballroom, small private dining rooms, snack bar, and offices. Ample visual aids materials are available. The Center was financed chiefly through grants from the W. K. Kellogg Foundation and the Michigan Hotel Association.

Regardless of the extent of Continuing Education activities, however, the fact should be kept firmly in mind that the Service primarily is a vehicle by which the knowledge and experience of the college faculty is coordinated. Wherever Continuing Education programs are held, faculty members from other departments assume the major responsibility for instructional phases of the work.

### Three Main Departments

The Continuing Education Service is comprised of three main departments—Special Courses and Conferences, Business and Industry, and Educational and Community Services. Each department operates in specific fields in bringing education to an ever-expanding range of people. All work also closely with the College's Cooperative Extension Service.

*Special courses and conferences.* The Department of Special Courses and Conferences deals with groups which make use of the on-campus facilities and educational resources of the College. This department makes the initial move toward setting up a conference or special course; then it

cooperates actively with a committee from the interested instructional unit of the College and the group to be served in planning the work; and, finally, it operates through the four major areas of promoting, financing, coordinating, and evaluating. In short, it supervises the whole procedure—from the moment that the idea for an undertaking is conceived to its completion and ultimate evaluation.

The extent of this department's activity is illustrated in the following figures which also show its tremendous growth in only three years.

Although it is impossible to list here all of the groups served, some idea of the range of interests may be given by saying that the conferences and courses include nursery and landscape management personnel, Grange youth, grocery manufacturers, homemakers, vocational agriculture teachers, B'nai B'rith youth organizations, the American Mathematics Association, a Michigan hatchery conference, hardware managers, rabbit breeders, fur breeders, jewelers, realtors, cancer study groups, coal dealers, and the Junior Red Cross.

Also, there are small business clinics,

PERSONS SERVED BY SPECIAL COURSES AND CONFERENCES

	1950-51		1951-52		1952-53	
	No. of Services	No. of Registrants	No. of Services	No. of Registrants	No. of Services	No. of Registrants
Conferences .....	97	20,917	208	36,661	245	38,994
Special Courses and Workshops ...	63	3,328	65	3,222	81	4,277
Meetings and Exhibitions .....	30	28,221	27	28,551	38	77,744
Campus Tours .....	168	8,623	255	17,082	296	13,802
Total .....	358	61,089	555	85,516	660	134,817

dairy cattle breeders, civil service personnel, a C.I.O. educational congress, a ready-mix concrete conference, seed producers, the Farm Bureau, an insecticide-fungicide conference, optometrists, bankers, fire chiefs, nurses, grain handlers, hotel and restaurant personnel, law enforcement groups, school custodians and bus drivers, and hundreds of others.

This department cooperates with other areas of the College in presenting many meetings and exhibitions which bring tens of thousands of persons to M.S.C. annually. Also the department provides student guides to conduct other thousands of persons on tours of the campus. A phase which was given impetus only a few months ago is a program of training in hotel, restaurant, and institutional management. It met with immediate success and promises to produce outstanding results.

The College and the Department of Special Courses and Conferences also are cooperating with law enforcement agencies in sponsoring courses for police recruits and patrol officers and for command officers.

*Business and Industry.* Turning to the Department of Business and Industry, we find it taking Michigan State College to a large part of the state's population. Briefly, the purposes of the department is five-fold: To help management and other industrial and business personnel to achieve a higher degree of safety; to improve individual performance; to encourage greater productivity; to attain job satisfaction; and to promote better working relations.

As with other sections of the Continuing Education Service, the success of the Department of Business and Industry is made possible by close cooperation with the schools and departments of the College, the State Board

of Control for Vocational Education, various trade associations, professional organizations, and local groups in many communities.

Among its activities this department conducts eight times a year an intensive two-week on-campus workshop called "Fundamentals of Industrial Supervision." Designed for experienced and inexperienced foremen and supervisors, the course offers 80 hours of training in basic skills required for good management. Enrollment averages from 12 to 15 men in each class. To strengthen this area of instruction, a course in "Advanced Industrial Supervision" was added during the past year.

In-plant Management Development programs serve some 15 Michigan companies each year. College specialists conduct sessions dealing with specific problems of interested companies, with the individual programs continuing for 10 to 14 weeks.

A one-day conference for industrial relations and personnel administrators held four times a year. A unique feature of the sessions is the absence of speakers and specific agendas. Approximately 75 men participate in groups of 15 or 20 in an extemporaneous exchange of ideas and experiences.

On November 7, 1953, the department's third Industrial Management Conference attracted the usual large number of participants—about 700. This annual event is sponsored jointly by the Department of Business and Industry, the college as a whole, and a number of foremen's and executives' organizations in the state.

Other projects of the department include a Management Round Table, a forum which brings top executives to Kellogg Center three times a year; a

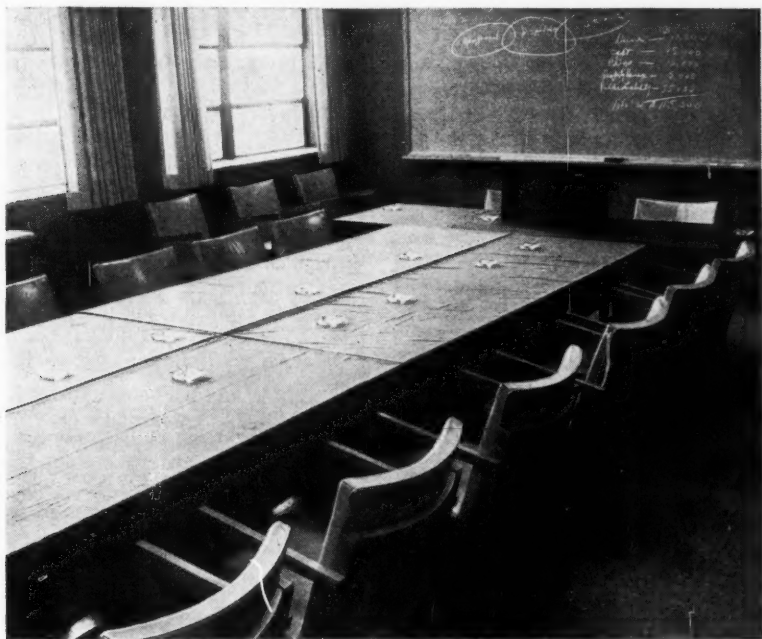


new course in Basic Economics which affords a better understanding of our economic system; and an In-Plant Employee Participation Plan (handled in cooperation with the Department of Psychology) which has brought important production improvements and better worker satisfaction to several Michigan companies. Members of the staff also are active in setting up a number of other special programs for management and supervisory personnel both on and off the campus.

The Insurance Training Program functions in cooperation with the Michigan Department of Insurance. This work includes a regular series of courses in "Basic Fundamentals of Insurance" and as many as 15 specialized conferences, all held in Kellogg Cen-

ter. In addition, approximately 35 off-campus clinics are sponsored in cities in every part of the state.

Finally, the Department of Business and Industry offers a unique service to one of Michigan's great industries—commercial transportation. This Motor Transportation Program, developed in cooperation with the Michigan Trucking Association, encompasses commercial vehicle drivers, dispatchers, warehouse foremen, driver trainers, and all levels of management. Its most recent undertaking is the establishment of a Correspondence Study Center at Michigan State College to provide facilities to administer individual home study in connection with a Motor Carrier Sales Training Course sponsored by the Regular Common



Facilities like this are ideal for small discussion groups.

Carrier Conference of the American Trucking Association.

*Education and Community Services.* The third main section of Continuing Education at Michigan State is the Department of Educational and Community Services. It works with schools, labor organizations, and civic and local agencies, and it offers credit and non-credit courses on the campus and in cities throughout Michigan. It also operates through the extension centers; it administers the Michigan State Evening College which was started in 1952, and handles a variety of specialized programs. During the past fiscal year nearly 1,600 students were enrolled in 75 off-campus credit courses in 35 Michigan cities. At the same time, another 4,400 men and women, in three terms of the school year, studied in 215 Evening College courses. These courses, so varied that there is something to interest nearly everyone, carry college credit, and participants can study on any level from the freshman year to graduate work toward the appropriate degree. During the one-year period mentioned above, an additional 1,750 persons were registered in 62 non-credit courses on the campus and in 12 out-state communities.

It should be remembered, however, that the Continuing Education Service does not carry on the instructional phase of this work. It is a facilitating agency which studies needs and decides what courses will be offered, arranges for instructors and facilities, promotes attendance, and handles enrollment and other details.

Another successful activity of this department is the Building Maintenance Program. It reaches between 1,000 and 1,500 custodial employees in classes or in individualized instruction throughout Michigan. In addition,

the department annually sponsors a three-day conference on the campus which attracts nearly 1,000 custodians, engineers, and school bus drivers from some 250 school systems; and a similar two-day meeting at Marquette serves the school systems of the Upper Peninsula.

Another unusual type of instruction administered by this department is a School Bus Driver Program for transportation employees of the public schools in a large section of the state. Training is given in the classroom and in a 60-passenger school bus.

"Driver Education and Traffic Safety" is taught by a man who was the first in the country to hold a professorship in driver education. A highly effective program has been developed, largely through substantial grants from the Michigan Inter-Industry Highway Safety Committee and the Allstate Foundation. The course includes both classroom work and practice driving. Teachers of driver training receive college credit, while beginner-drivers are on a non-credit basis.

This program includes talks on driver education and traffic safety given throughout Michigan, assistance to various organizations regarding driving and safety problems, and cooperation with the Michigan Junior Chamber of Commerce in selecting outstanding teenage drivers.

The department also cooperated with the Inter-Industry Highway Safety Committee in making a color film entitled, "The Weakest Link," which is being shown in every section of the state.

In the summer of 1953 a special training workshop for teachers of driver education was conducted on the campus with great success. The Allstate Foundation grant provided schol-

arships for those selected to attend.

The Driver Training Program, for two years, has been participating with other college departments to determine what a land-grant college can do toward promoting better street and highway traffic management. The report, just completed, makes recommendations for the development of a Highway Traffic Administration Center at Michigan State College. The study was made under grants from the Automotive Safety Foundation.

This department also has a full-time staff member working with state-wide adult education programs and drawing upon college resources that contribute to this program. Because the importance of adult education in American life is being recognized more and more every day, this phase of Continuing Education is receiving concentrated attention.

Another facet of the Department of Educational and Community Services is its School for Parents, which has attracted hundreds of men and women from P. T. A. groups to East Lansing to observe teaching techniques and to exchange ideas concerning child problems and parent-teacher relations.

Finally, this Department of Continuing Education cooperates with the Michigan State College School of Education and the executive secretary of the Michigan Association of School Boards in setting up, and participating in, local and regional conferences for school board members and to school business officials.

#### **Other Activities**

The Continuing Education Service, has several other areas of activity. One of these, the Office of Program Development, was set up early in 1953. It develops new programs in the fields

of health, labor, and community organization and works with various departments of the College in building special projects and programs.

An early result of the work of this office was the addition of a coordinator in the field of Worker Education to function under the Department of Educational and Community Services. Another successful project was a Pilot Institute for Foreign Technicians conducted in the summer of 1953 in cooperation with the Technical Cooperation Administration of the U. S. government.

The Program Development Office also has worked with the Michigan Office of Civil Defense on the development of local civil defense units. And plans are under way to extend the present program in Citizenship Education in cooperation with the Department of Political Science.

*Research Assistance.* The Office of Research was set up in January, 1953. It has four distinct functions: coordination, evaluation, consultation, and interpretation.

In the area of coordination, it studies data produced on the campus by the Social Research Service, the Bureau of Governmental Research, and the Bureau of Business Research. Then it decides what benefit Continuing Education can derive from the findings. The Research Office also has cooperated with law-enforcement agencies, the Office of Civilian Defense, and the Social Research Service in making a study of the recent Flint tornado disaster; the ultimate results will be invaluable to the entire nation in planning programs to alleviate the effects of disasters.

An example of evaluation as a function of this office is its research in determining what happens to persons who

have participated in Continuing Education programs. Preliminary results are highly encouraging.

Another duty is to collect and catalog research papers from agencies throughout the country, and, where the reports are applicable to Continuing Education programs, to translate their findings so that the knowledge may be used readily and practically.

*Information.* A further aspect of the activity of the Continuing Education Service is its development of an Office of Continuing Education Information. The work of this office is concerned with newspaper and wire association contacts and with the production annually of some 200 printed publications of many sizes and types. "Information" must keep in touch with practically every activity of the Continuing Education Service.

With conferences, courses, institutes, workshops, and other programs having grown to more than 425 a year, this office has faced the necessity of working on a selective basis, depending upon the needs and public appeal of individuals and groups.

*Business Office.* Finally, Continuing Education's Office of Business keeps a watchful eye on financial operations. During the past fiscal year, the Service itself raised three-fourths of its total budget, taking into account receipts from all activities both on and off the campus. With growing efficiency, the business operation of Continuing Education is in excellent condition.

#### **Future Potentials**

With the establishment of a Dean-ship of Continuing Education, effec-

tive July 1, 1953, the State Board of Agriculture recognized the important spot the Service has come to occupy at the College and in Michigan.

Interest is shown by a rapidly increasing number of national groups in Kellogg Center as an ideal place to discuss their problems, taking advantage of the material and personnel resources available. The great increase in the number of persons served by Continuing Education is proof of the desire to broaden horizons and to improve in occupational ability. In 1947-1948—the first year of the Service's existence—approximately 7,000 persons took advantage of it. In 1953-1954 approximately 150,000 are expected to be served.

Kellogg Center itself has a dual purpose. Besides housing the Continuing Education Service, it is the world's most complete laboratory for students studying hotel and restaurant management, combining practical training with classroom work. The Center's guests must have business with the College. Besides persons attending conferences and courses, the door is open to parents of students, athletic or concert performers, Alumni, and similar groups.

Just as Michigan State was a pioneer in rural extension work, so today it is reaching new groups of the population with its Continuing Education program. Together, such services are offering bright new opportunities for learning to people everywhere.

All of which bears out the fact that, regardless of the man or woman or the station in life, education is a "continuing" process. As long as one lives his education never is complete.

### IT'S A SMALL WORLD!

In terms of travel time, Detroit is nearer to Karachi today than it was to San Francisco when we were children. The whole world is smaller now than our country fifty years ago. Has this consideration a special meaning for the realistic business man, as it has for the statesman and strategist?

No longer need he strain every nerve to meet the domestic economy's demands for shoes, automobiles and additional productive equipment. No longer is it good economic thinking to consider Calcutta too far away to take into account in expansion plans. Bobby pins are used in Bokhara, carloading equipment in Cairo, and the American business man sees it as part of his job to introduce modern production techniques everywhere they are needed.

The Federal government has recently taken steps to make foreign expansion easier. For example, there is the offer in the case of approved projects to insure the risk of nationalization and transfer of earnings into dollars. As assistance in overcoming the hurdles of strange laws and customs, a series of studies is being prepared outlining the steps necessary for quick and effective expansion of operations into the no-longer-far-away places of the world.

To enter into foreign production a firm need not be a giant like General Motors, which has recently completed an assembly plant in Karachi. Small firms, also, are faced with a great opportunity for mutual benefit. Our way of life becomes attractive to the underprivileged nations to the exact extent that they are enabled to share in its material profits. The establishment of a branch in such a country can mean profit for American stockholders and native consumers, workers and management alike. Humanely handled, such a contact between unfamiliar peoples can represent one more step toward world understanding.

## BUSINESS RESEARCH PUBLICATIONS

The Bureau of Business Research was established in 1951 to assist the Michigan State College faculty in conducting economic and business research, and to serve Michigan business with information and studies. Inquiries should be addressed to the Bureau's director. The studies are usually published, and those currently available are listed below.

### RESEARCH REPORTS

(single copies free)

2. *The Great Lakes-St. Lawrence Seaway*
3. *Greater Muskegon Consumer Shopping Survey*
4. *St. Joseph Consumer Shopping Survey*
7. *Michigan Tourist Survey*
8. *Monroe Industrial Survey*

### CONFERENCE REPORTS

(one dollar a copy)

1. *"Knowing and Interpreting Your Community"*  
*Conference*
2. *1953 Michigan Aeronautics Conference*



